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NOT TO BE TAKEN AWAY

# INTERNATIONAL SHOE Co.

MANUFACTURERS

1501-1509 Washington Avenue

St. Louis, Mo.

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## FINANCIAL STATEMENT

November 30, 1933

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# **INTERNATIONAL SHOE Co.**

**MANUFACTURERS**

**1501-1509 Washington Avenue**

**St. Louis, Mo.**

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## **FINANCIAL STATEMENT**

**November 30, 1933**

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December 30th, 1933.

To OUR STOCKHOLDERS:

Financial report showing the results of the International Shoe Company's operation for the fiscal year ended November 30th, 1933, is enclosed herewith.

Net sales to customers were \$70,343,128.85 compared to \$65,488,662.17 last year. Our factories produced 43,661,589 pairs of shoes, against 38,989,916 last year.

Subsidiary plants (tanneries of sole leather and upper leather, textile mill, factories making all leather counters, heels and soles, rubber heels and soles, welting, box toes, cartons and containers, chemicals, cement, etc.) produced during 1933 shoe materials and shoe supplies amounting to \$34,958,927.69, which, combined with our sales, made an aggregate of \$105,302,056.54 business transacted.

Net earnings, after taxes, for the year were \$9,090,566.51, which, after payment of preferred dividends, represent an earning of \$2.58 a share on the Common Stock. This compares to \$6,647,527.36, or \$1.80 a share last year.

All of the Company's 100,000 shares of Preferred Stock have been redeemed—approximately half as of June 1st, 1933, and the remainder as of December 1st, 1933. This called for a cash disbursement of \$10,500,000.00 in addition to the amount paid out as dividends. After full provision for the completion of the redemption of Preferred Stock, the Company's cash amounted to \$14,688,340.45.

The Company's current assets of \$47,676,985.09 are more than thirteen times its current liabilities of \$3,663,798.84, which include a reserve for income taxes of \$1,670,000.00.

After the redemption of Preferred Stock, the Common Stock of your Company becomes the senior security; and to the holders of Common Stock belong all the Company's assets, subject only to the small amount of current liabilities.

The year has been one of widely fluctuating prices of raw materials. Early in the year hide prices fell to a point approximating the low of 1932—during the summer and fall they rose more than 200%; but the stability of the market was disturbed by further fluctuations both down and up.

Most of the materials which enter into our shoes are manufactured by the Company; and this control of the quality of our shoe production requires large stocks of raw materials. Fortunately we owned at low prices a well balanced volume of raw materials when prices began to advance rapidly. Instead of capitalizing our favorable position we chose rather to share with our customers the benefits accruing from what we owned. In this way we were enabled to accept from our customers a large volume of orders before advancing our shoe prices. Expressions of appreciation from our customers indicate that any immediate sacrifice of profit was fully repaid in increasing good-will.

Unquestionably general business is feeling the stimulating effects of huge government expenditures. In agricultural areas reports show that many farmers are liquidating their debts, paying old accounts and buying useful articles denied to them for several years.

It is the general belief, that, in keeping with the wishes and policies of the national administration, prices will advance during the first quarter of 1934; but we are striving to avoid price levels that may retard sales and decrease unit consumption of shoes.

During last May, June and July sales were abnormally active in anticipation of higher prices; but present sales more nearly reflect the law of supply and demand.

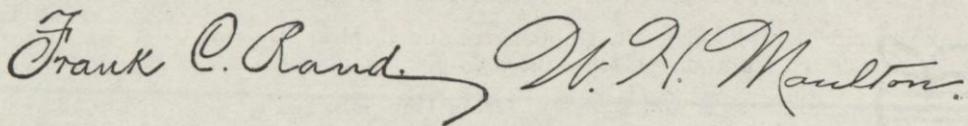
Restricted production, growing out of shorter hours and other regulations, will require fuller co-operation between merchant and manufacturer, if satisfactory deliveries are to be made.

In high markets and low, our Company has consistently followed the sound principle of making honest shoes and selling them on a basis of sound values. On this adherence to fixed standards of quality rest the growth and permanency of our Company.

By meeting successfully the difficulties of the past four years, we are encouraged to feel that 1934 will bring renewed life, activity and progress into the operations of this Company.

Respectfully submitted,

INTERNATIONAL SHOE COMPANY,

The image shows two handwritten signatures. The signature on the left is "Frank C. Rand" and the signature on the right is "W.H. Moulton".

Chairman of the Board.

President.

# INTERNATIONAL

CONSOLIDATED

As at November 6, 1925

(After giving effect to the reduction  
of outstanding 6% Preferred Stock)

## ASSETS

### CURRENT ASSETS:

Cash in Banks and on Hand.....	\$ 18,786,264.95
Less—Amount appropriated to redeem outstanding 6% Preferred Stock (38,823 Shares).....	4,097,924.50
	<hr/>
	14,688,340.45
United States Government Securities—At Cost.....	125,000.00
Accounts Receivable:	
Customers, less Reserve for Cash Dis- counts and Doubtful Accounts.....	\$ 14,179,206.63
Salesmen's Traveling Advances and Sundry Accounts.....	53,523.55
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	14,232,730.18
Inventories at Lower of Cost or Market:	
Manufactured Merchandise.....	\$ 5,790,053.92
Raw Materials, Merchandise in Pro- cess, and Supplies .....	12,840,860.54
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	18,630,914.46
TOTAL CURRENT ASSETS.....	\$ 47,676,985.09
Expenses Paid in Advance—Insurance Premiums, Taxes, and Other Deferred Charges to Operations.....	334,999.21
Employees Notes Receivable (Under Installment Plans for Purchase of Common Stock) Secured by 51,620 Shares of Common Stock.....	796,358.81
Company's Own Common Stock—14,629 Shares at Cost.....	438,236.68
Investment in Five Per Cent. Debentures and Capital Stock of Associated Company (Debentures \$5,000,000.00).....	5,085,000.00
Investments in Stocks and Bonds of Other Companies, Etc.....	189,583.78
Physical Properties at Tanneries, Shoe Factories, Supply De- partments, and Sales Branches (Based on Appraisal as of April 30, 1925, plus subsequent Additions at Cost):	
Land and Water Rights.....	\$ 2,081,851.10
Buildings and Structures.....	23,154,256.92
Machinery and Equipment.....	17,520,181.68
Lasts, Patterns, and Dies.....	1.00
	<hr/>
TOTAL.....	\$ 42,756,290.70
Less—Reserve for Depreciation.....	18,216,063.71
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Net Depreciated Value of Physical Properties	24,540,226.99
TOTAL.....	\$ 79,061,390.56

# SHOE COMPANY

## BALANCE SHEET

ber 30, 1933

option as of December 1, 1933  
(Preferred Stock)

### LIABILITIES

#### CURRENT LIABILITIES:

Accounts Payable for Merchandise, Expenses, and Payrolls.....	\$ 1,721,316.28
Officers and Employees Balances and Deposits.....	272,482.56
TOTAL.....	\$ 1,993,798.84
Reserve for Federal Income Taxes.....	1,670,000.00
TOTAL CURRENT LIABILITIES.....	\$ 3,663,798.84
Insurance Reserves.....	441,097.08

#### CAPITAL STOCK:

Preferred Stock—6% Cumulative:	
Authorized 250,000 Shares of \$100.00 each:	
Issued.....	100,000 shares
Redeemed during year ended November 30, 1933 or called for redemption on December 1, 1933.....	<u>100,000</u> shares
Outstanding after completion of Redemption	<u>None</u>
Common Stock:	
Authorized 4,000,000 shares without Nominal or Par Value:	
Issued.....	3,760,000 shares
In Treasury.....	<u>410,000</u> shares
Outstanding.....	<u>3,350,000</u> shares \$50,250,000.00
Earned Surplus.....	<u>24,706,494.64</u>
TOTAL CAPITAL AND SURPLUS.....	\$ 74,956,494.64
Contingent Liabilities—None Reported	
TOTAL.....	<u>\$ 79,061,390.56</u>

# INTERNATIONAL SHOE COMPANY

## INCOME ACCOUNT

For the year ended November 30, 1933

Net Sales of Shoes and Other Manufactured Merchandise.....	\$ 70,343,128.85
Cost of Shoes and Merchandise Sold, after charging Operating Expenses, Mainte- nance of Physical Properties, Selling, Ad- ministrative, and Warehouse Expenses, and Credit Losses, less Discount on Pur- chases.....	\$ 58,984,665.46
Depreciation of Physical Properties.....	<u>1,678,754.56</u>
	<u>60,063,420.02</u>
NET OPERATING PROFIT.....	\$ 10,279,708.83
Miscellaneous Income.....	<u>484,366.19</u>
	<u>NET EARNINGS.....</u>
	\$ 10,764,075.02
Provision for Income Taxes.....	<u>1,673,508.51</u>
	<u>NET INCOME FOR YEAR.....</u>
	<u>\$ 9,090,566.51</u>

## COMMON STOCK CAPITAL AND SURPLUS ACCOUNT

(After giving effect to Redemption of Outstanding 6% Preferred Stock)

Common Stock Capital and Surplus, as at November 30, 1932:

Common Stock Capital (Outstanding 3,350,000 Shares)....	\$ 67,000,000.00
Earned Surplus.....	<u>6,457,875.63</u>
	<u>TOTAL.....</u>
	\$ 73,457,875.63
Net Income for the year ended November 30, 1933.....	<u>9,090,566.51</u>
	<u>\$ 82,548,442.14</u>

Dividends Paid:

Preferred Stock, \$6.00 per share.....	\$ 425,810.00
Common Stock, \$2.00 per share.....	<u>6,700,000.00</u>
	<u>\$ 7,125,810.00</u>
Less—Dividends on Company's Own Common Stock.....	<u>33,736.50</u>
	<u>7,092,073.50</u>
	<u>\$ 75,456,368.64</u>

Deduct—Premium on 100,000 shares of Preferred Stock redeemed or called for redemption on December 1, 1933.....	<u>499,874.00</u>
Common Stock Capital and Surplus, as at November 30, 1933....	<u>74,956,494.64</u>

Divided as Follows:

Common Stock Capital (Outstanding 3,350,000 shares).....	\$ 50,250,000.00
*Earned Surplus.....	<u>24,706,494.64</u>
	<u>\$74,956,494.64</u>

\*Earned Surplus at November 30, 1933, includes \$16,750,000.00 accumulated earnings previously carried in Capital Account and transferred therefrom in accordance with action taken at Stockholders annual meeting held January 23, 1933.

INTERNATIONAL SHOE COMPANY,  
St. Louis, Missouri.

We have examined the accounts of the International Shoe Company and Subsidiaries for the year ended November 30, 1933. In our opinion, based on our examination and information furnished to us, the accompanying Consolidated Balance Sheet and relative Income and Surplus Accounts set forth the consolidated financial condition of the Companies as at November 30, 1933 (after giving effect to redemption of Outstanding 6% Preferred Stock) and the result of the operations for the year.

St. Louis, Missouri,  
December 28, 1933.

PEAT, MARWICK, MITCHELL & Co.

## OFFICERS

FRANK C. RAND . . . . .	Chairman of the Board
WILLIAM H. MOULTON . . . . .	President
HORTON WATKINS . . . . .	Vice-President
JAMES T. PETTUS . . . . .	Vice-President
PAUL B. JAMISON . . . . .	Vice-President
OLIVER F. PETERS . . . . .	Vice-President
THEODORE MORENO . . . . .	Vice-President
C. D. P. HAMILTON . . . . .	Vice-President
ANDREW W. JOHNSON . . . . .	Vice-Pres. and Treasurer
BYRON A. GRAY . . . . .	Secretary
WILLIAM N. SITTON . . . . .	Assistant Treasurer
ALBERT H. JENKINS . . . . .	Assistant Secretary
ROBERT O. MONNIG . . . . .	Auditor

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## DIRECTORS

ROBERT E. BLAKE	ROBERT L. JORDAN
EDGAR L. BLAND	WILLIAM H. MOULTON
CLARENCE H. FIELDER	OLIVER F. PETERS
ARTHUR B. FLETCHER	JAMES T. PETTUS
BYRON A. GRAY	FRANK C. RAND
H. ROY GREEN	JOSEPH O. RAND
EDWARD J. HOPKINS	CARLOS REESE
FRED HUME	WILLIAM N. SITTON
LEWIS B. JACKSON	DICKSON S. STAUFFER
PAUL B. JAMISON	SAMUEL M. TIPTON
H. EDGAR JENKINS	GRIFFIN WATKINS
ANDREW W. JOHNSON	HORTON WATKINS
H. EUGENE JONES	

## SALES BRANCHES

### ST. LOUIS

Roberts, Johnson & Rand  
Peters  
Friedman-Shelby  
Continental Shoemakers  
Pennant Shoe Co.  
Vitality Shoe Co.  
Queen Quality Shoe Co.  
Dorothy Dodd Shoe Co.

### NEW YORK

Morse & Rogers

### BOSTON

Hutchinson-Winch

### MANCHESTER, N. H.

Great Northern Shoe Co.  
Interstate Shoe Co.

## SHOE FACTORIES AND SUBSIDIARY PLANTS

### MISSOURI

St. Louis  
Hickory St. & Mississippi Ave.  
Broadway, Cherokee St. & Lemp Ave.  
St. Louis & Jefferson Aves.  
Thirteenth & Mullanphy Sts.  
Twelfth & North Market Sts.  
Jefferson Ave. & Madison St.  
3417 Locust St.  
Bland  
Cape Girardeau  
De Soto  
Fulton  
Hannibal  
Seventh & Collier Sts.  
S. W. Cor. Maple Ave. & Collier St.  
S. E. Cor. Maple Ave. & Collier St.  
Hermann  
Higginsville  
Jefferson City  
Bolivar & McCarty Sts.  
Main & Linn Sts.  
Kirksville  
Marshall  
Mexico  
Perryville  
St. Charles  
St. Clair  
Sikeston  
Sullivan  
Sweet Springs  
Washington  
Windsor

### ILLINOIS

Anna  
Belleville  
Chester  
Evansville  
Flora  
Jerseyville  
Mt. Vernon  
Olney  
Quincy  
Springfield  
Steeleville

### NEW HAMPSHIRE

Claremont  
Keene  
Manchester  
Nashua  
Newport

### KENTUCKY

Paducah

### ARKANSAS

Malvern

## TANNERIES

### ILLINOIS

South Wood River

### MISSOURI

St. Louis  
Thirteenth & Mullanphy Sts.

### NEW HAMPSHIRE

Manchester  
Merrimack

### NORTH CAROLINA

Morganton  
North Wilkesboro

### PENNSYLVANIA

Philadelphia



